

**Docket No.:** 07-0165  
**Bench date:** 08-29-07  
**Deadline:** None (see below)

## **MEMORANDUM**

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**TO:** The Commission

**FROM:** Larry Jones, Administrative Law Judge

**DATE:** August 17, 2007

**SUBJECT:** Illinois Commerce Commission  
On Its Own Motion  
-vs-  
Central Illinois Light Company d/b/a AmerenCILCO; Central  
Illinois Public Service Company d/b/a AmerenCIPS; Illinois  
Power Company d/b/a AmerenIP ("Ameren" or "Ameren  
Companies")  
  
Investigation, pursuant to Section 9-250 of the Public Utilities  
Act, of Electric Rate Design.

**RECOMMENDATION:** Entry of the attached post-exceptions order.

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As the Commission is aware, this contested proceeding was initiated for the purpose of considering rate design changes to alleviate the bill impacts on some customers, particularly residential space-heating customers, which occurred after the end of the rate freeze on January 1, 2007.

A proposed order was issued on July 31 so that the schedule approved by the Commission could be met. That schedule contemplates an order before the Commission at the August 29 bench meeting.

Briefs on exceptions ("BOE") and reply briefs on exceptions ("RBOE") were filed by several parties. In their BOEs and RBOEs, parties were permitted to address the potential effects of Senate Bill 1592 ("S.B. 1592") on the issues in the instant docket.

A post-exceptions order is attached. Additions and other changes made to the proposed order are identified in track-change format. Except as noted below, bottom-line substantive conclusions have not been changed.

## **Issues**

There were a number of parties and contested issues in the docket. Several issues are summarized below. It is noted that each of the “analysis and conclusions” sections of the order identifies the issue and sets forth a brief recap of parties’ positions.

Rate impacts occurring after January 1, 2007, are discussed in Section III of the post-exceptions order.

Rate redesign proposals for residential and small non-residential customers are addressed in Section V of the proposed order. As explained in the conclusions in Section V.E, the proposed order would adopt the primary proposal advanced by Staff and Ameren. This complicated proposal involves a modification to interclass revenue allocations for supply service, and several changes in intra-class rate structures in both the delivery and supply services rates. The intent is to provide rate relief to those customers who have faced the largest increases, particularly electric space-heating customers, while ensuring that other customer groups are not unduly impacted by these rate mitigation measures.

The estimated effect of the Staff and Ameren rate design proposal on space-heating customers for each of the Ameren Companies is to bring their percentage increases in line with other customers in the residential class, thereby reducing the increases experienced in the winter months of 2007 by more than half. The estimated bill impacts are shown in a table in Section V.A.1.b of the order and in Ameren Exhibit 4.1 filed August 9, 2007.

Rate design proposals for larger customers are discussed in Section VI of the proposed order. In Section VI.F, the proposed order would approve a contested proposal by Ameren, Staff and the Grain and Feed Association of Illinois for implementation, under certain circumstances, of a “demand rate limiter” to the delivery service charges paid by grain dryers and other customers in the Rate 3 and 4 classes. The intent is to prevent large bill increases driven by the effect of demand charges in the delivery service component of their bills.

## **Implementation Date**

Ameren and Staff remain in disagreement over the implementation date for certain of the rate design changes, as discussed in Section VII. Ameren recommends an implementation date of January 1, 2008. Under Staff’s proposal, changes to supply charges would take effect October 1, 2007 and changes applicable to delivery charges would take effect January 1, 2008.

In its BOE, Ameren argues that the amount of S.B. 1592-generated rate relief to be received by space-heating customers in the last three months of 2007 will be sufficient to eliminate the need to implement the 07-0165 rate design changes prior to January 2008. In a late-filed exhibit submitted on August 9, Exhibit 4.1, Ameren

provided a table comparing estimated customer bill impacts, at several non-summer usage levels, resulting from the Staff/Ameren redesign proposal only, Senate Bill 1592 relief only, and the combination of the two. A condensed version of the table is contained in Section VII.C of the order. Additional information about the effects of Senate Bill 1592 is contained in Appendix A to Ameren's BOE.

On this close question, the post-exceptions order would approve a January 1, 2008 implementation date for the reasons explained therein, on the condition that S.B. 1592 is signed into law, and that the amount, distribution and form of relief provided in the last three months of 2007 is similar to that shown in Ameren Exhibit 4.1 and Exhibit A to Ameren's BOE. If the condition is not met, the implementation dates proposed by Staff would apply. It is noted that the proposed order, which was issued before S.B. 1592 impacts were analyzed by parties, had recommended an October 1 implementation date.

LMJ/lw